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FISCAL IMPACT STATEMENT

LS 6472

BILL NUMBER: SB 132

NOTE PREPARED: Dec 16, 2009

BILL AMENDED:

SUBJECT: Mortgage Rescue Fraud.

FIRST AUTHOR: Sen. Holdman

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State

Summary of Legislation: This bill amends the law concerning the disclosures that a credit services organization must provide to a buyer to reflect changes in the federal Fair Credit Reporting Act concerning the circumstances under which a consumer is entitled to a consumer report without charge from a consumer reporting agency. It moves the statute concerning mortgage rescue fraud from the Indiana Code title concerning trade regulation to the title concerning property. It makes conforming changes to cross-references.

This bill combines two separate Indiana Code provisions concerning the presuit notice required in residential foreclosure proceedings into one section, and specifies that the notice shall be sent by certified mail. It also specifies that the statute concerning mortgage rescue fraud applies only to a foreclosure proceeding concerning residential real property that is located in Indiana and to which a homeowner holds record title at the time the proceeding is initiated. It removes an incorrect cross-reference in the statute concerning real estate brokers and salespersons. It repeals the existing statute concerning mortgage rescue fraud.

Effective Date: July 1, 2010.

Explanation of State Expenditures: *Indiana Housing and Community Development Authority (IHCDA)*- The bill requires the IHCDA to maintain a list of nonprofit organizations that offer counseling advice to homeowners facing foreclosure and organizations that do not contract for services with for-profit lenders or foreclosure purchasers. Any increase in administrative expenditures should be minimal and should be covered with the existing level resources.

Explanation of State Revenues: A person who violates the provisions of this bill is subject to various penalties under the oversight of the Attorney General. It is possible that fines and penalties will increase revenue to the state General Fund. Civil fines are deposited in the state General Fund. If additional court

cases occur and fines are collected, revenue to both the Common School Fund (from criminal fines) and the state General Fund (from court fees) would increase.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: IHCDA.

Local Agencies Affected:

Information Sources:

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